

For the fall in prices was portentous: orders for sales of securities from the Continent following each other in swifter and vaster waves. How, then, were the public to be protected against their suicidal sellings, with ruin as the sequel? How, again, were the brokers (the public's agents), who had borrowed from the banks, to carry over their transactions? These loans on stocks involve a margin in the value of the securities deposited as their cover, and with the rapid decline of prices the margins had disappeared, and additional securities were accordingly needed to be obtained and deposited in order to maintain the advances. Moreover, this absolute vanishing of margins and the fall in value of the deposited stocks below even the amounts of the loans themselves, definitely tended, unless in some mode the headlong downfall could be averted, to the insecurity even of the banks—not simply in respect of their advances to the brokers, but in respect also of the value of all their convertible assets, with the consequent dislocation of this essential element of our financial machinery at the moment when its complete efficiency was most urgently required. Hence the act of the Committee. This decision—without a precedent in the memorials of the House—naturally magnified the general foreboding, and started a rush upon the banks, possibly in anticipation of a suspension of the Bank Act. Even after so brief an interval, imagination can but insecurely and faintly repicture the profound effect in extending the sense of fear. The closure of our famous and flexible market for the ready purchases and sales of all investments and commodities—for the exchanges of securities are radically the exchanges of the varied goods in every department of commerce which these securities represent—appeared to prelude the final paralysis of trade. But undoubtedly the decision was wise, although at the time many competent financiers termed it a mistake. Numerous failures of members, it was recognised, would otherwise have occurred, and, again, payments from the Continent for stocks sold to foreign

banks and capitalists were quite impracticable of remittance. Moreover, at such a crisis of general perturbation, every failure becomes a centre of radiations of distrust and unreasoning action. This saga-